

Message Text

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43

ACTION NEA-12

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ISO-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19 IO-14

NEAE-00 SCEM-02 EB-11 COME-00 TRSE-00 INT-08 OPIC-12

AID-20 IGA-02 CIEP-02 DRC-01 /243 W

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P R 071400Z NOV 73

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC PRIORITY 5087

INFO AMEMBASSY ABU DHABI

AMEMBASSY BONN

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

USMISSION OECD PARIS UNN

AMCONSUL DHAHRAN

USINT ALGIERS

UNCLAS BEIRUT 12853

C O R R E C T E D C O P Y (TEXT)

E.O. 11652: N/A

TAGS: ENRG, ECON, XF

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SUBJECTT: AGREED ARAB OIL REDUCTION NOW ESTIMATED AT 28 PER CENT

REF: BEIRUT 12538 (NOTAL), KUWAIT 3940

SUMMARY;MESS ESTIMATES PLEDGED ARAB OIL PRODUCTION REDUCTION AS OF NOV 5 AT 28.5 PER CENT BELOW SEPTEMBER LEVEL, IF AND WHEN NOV 4 KUWAIT PLEDGES IMPLEMENTED. THIS AMOUNT IS EQUIVALENT TO 17-18 PER CENT OF OIL MOVING IN WORLD TRADE. IT WOULD PUT CURRENT ARAB OIL PRODUCTION AT 14.6 MILLION BPD, TO BE REDUCED BY FIVE PER CENT MONTHLY. KUWAIT MEETING TOOK STEPS TO ENFORCE DECISIONS AND TO STANDARDIZE ARAB OIL STANCE. END SUMMARY

1. SPECIAL MIDDLE EAST ECONOMIC SURVEY (MEES) ISSUE PUBLISHED NOV 7 ISTIMATES TOTAL ARAB OIL PRODUCTION REDUCTION AS OF NOV 5 AT 5.826 MILLION BARRELS PER DAY (.70\$) TO 14.644 MBPD, OR 28.5 PER CENT BELOW SEPTEMBER AVERAGE OF 20.470 MBPD (AND OBVIOUSLY EVEN FURTHER BELOW PLANNED NOVEMBER OUTPUT, ALTHOUGH THIS NOT CALCULATED), IF RPT IF LATEST KUWAIT PLEDGES IMPLEMENTED. SHORTFALL SAID EQUIVALENT TO 17-18 PER CENT OF OIL MOVING IN WORLD TRADE PRIOR RAMADAN WAR. COUNTRY ESTIMATES IN THOUSAND BARRELS DAILY FOLLOWS:

SEPT. COUNTRY	OUTPUT	NEW CUTBACK	O/O CUT	OUTPUT LEVEL
SAUDI ARABIA	8,290	2,630	31.7	5,660
KUWAIT #	3,200	950	30.0	2,250
IRAQ	2,000	500	25.0	1,500
ABU DHABI	1,400	350	25.0	1,050
QATAR	600	150	25.0	450
NEUTRAL ZONE	580	145	25.0	435
LIBYA	2,300	575	25.0	1,725
ALGERIA	1,050	263	25.0	787
OTHERS ##	1,050	263	25.0	787
TOTAL	20,470	5,826	28.5	14,644

KUWAIT BASED ITS PRODUCTION CUTBACK ON NORMAL LEVEL OF 3 MBPD RATHER THAN SEPTEMBER LEVEL OF 3.2 MBPD.

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EGYPT, SYRIA, BAHRAIN, DUBAI AND OMAN. OVERALL CUTBACK ESTIMATED AT APPROXIMATELY 25 PERCENT.

2. MEES SAID NOV 4 KUWAIT MEETING WAS VONVENED BY SAUDI ARABIA FOR PURPOSES OF STANDARDIZING INDIVIDUAL ARAB COUNTRIES' PRODUCTION REDUCTION AT 25 PER CENT AND TO ESTABLISH PRINCIPLE THAT INDIRECT OIL SHIPMENTS TO UNITED

STATES VIA THIRD COUNTRY REFINERIES WILL ALSO BE EMBARGOED BY ALL ARAB COUNTRIES. THESE GOALS APPARENTLY ACHIEVED AT MEETING, MEES SAID, ADDING THAT IN DECEMBER PRODUCTION WILL BE REDUCED ANOTHER FIVE PER CENT FROM NOVEMBER LEVEL AND, IN LINE WITH ORIGINAL OCT 17 DECISION, BY FIVE PER CENT MONTHLY THEREAFTER.

3. IF IMPLEMENTED BY ALL COUNTRIES, NEW 25 PER CENT REDUCTION LEVEL WILL CAUSE SIGNIFICANT DECREASES IN ALGERIA, ABU DHABI, LIBYA AND QATAR SINCE THESE COUNTRIES HAD REDUCED PRODUCTION BY ONLY 5-10 PER CENT TO DATE,, MEES SAID. IT SAID KUWAIT HAS ALREADY CUT OUTPUT BY 30 PER CENT AND SAUDI ARABIA (SEPTTEL) BY 31.7 PER CENT FROM SEPTEMBER AVERAGE.

4. MEES ALSO REPORTED THAT KUWAIT MEETNG (1) ESTABLISHED COMMITTEE OF OIL MINISTERS OF SAUDI ARABIA, ALGERIA, KUWAIT AND LIBYA TO ENFORCE KUWAIT DECISIONS AND (2) DECIDED HOLD MEETING IN NEAR FUTURE OF FOREIGN MINISTERS OF OAPEC STATES TO STANDARDIZE DEFINITION OF "FRIENDLY" CONSUMING COUNTRIES, WHICH ENTITLED RECEIVE SAME AVERAGE VOLUME OF ARAB OIL AS WAS IMPORTED DURINT FIRST NINE MONTHS OF 1973. SO FAR, MEES NOTED, OAPEC AGREES THAT ARAB AND MOSLEM COUNTRIES AND THOSE AFRICAN STATES WHICH HAVE BROKEN RELATIONS WITH ISRAEL ARE FRIENDLIES BUT TREAT OTHERS DIFFERENTLY. THUS, SAUDI ARABIA EXEMPTS FRANCE, BRITAIN AND SPAIN, KUWAIT EXEMPTS SPAIN ONLY WHILE ABU DHABI APPEARS CONSIDER JAPAN AND ALL EUROPEAN COUNTRIES EXCEPT HOLLAND AS FRIENDLY.

5. IRAQ APPARENTLY CONCURRED WITH NOV 4 DECISION, ACCORDING MEES.

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